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WESTERN DISTRICT OF WASHINGTON
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UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

STEVEN P. VERSCHOOR,

Defendant.

NO. CR19-208 JLR

INFORMATION (Felony)

The United States Attorney charges that:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

A. Molecular Testing Labs (MTL)

1. Molecular Testing Labs (hereinafter "MTL") was a toxicology and genetics testing laboratory located in Vancouver, Washington. MTL performed toxicology testing on urine specimens. MTL was an approved Medicare provider and regularly submitted claims to federal health care programs for payment.

2. Defendant STEVEN P. VERSCHOOR was a co-founder and the Vice President of Global Sales and Marketing for MTL. In the role of Vice President of Sales and Marketing, VERSCHOOR was responsible for, among other things, managing the relationship between MTL and Northwest Physicians Laboratories (NWPL).

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1 3. Urine toxicology testing was often ordered for patients being seen by a
 2 physician for pain management and prescribed opioids or similar medications. These
 3 patients were directed to submit urine specimens for toxicology testing in order to
 4 monitor the levels of pain medication or other narcotics in their bodies. These urine
 5 specimens were usually sent to an outside laboratory that ran a particular panel of tests
 6 based on the physicians' orders. Testing laboratories typically billed the patients'
 7 commercial insurance, or billed a federal health care program, or the patient himself or
 8 herself, for performing urine toxicology testing. Urine toxicology testing was a covered
 9 service under Medicare and TRICARE, and most private commercial insurance, so long
 10 as the testing was reasonable and medically necessary.

B. Northwest Physicians Laboratories (NWPL)

12 4. Northwest Physicians Laboratories (hereinafter "NWPL") was a toxicology
 13 laboratory located in Bellevue, Washington. NWPL was owned by physician-
 14 shareholders and by other equity owners who were called Common Members. The
 15 NWPL physician-shareholders were located in both Washington State and in other states
 16 across the country. NWPL was founded in 2012 and continued to gain physician-
 17 shareholders in 2013, 2014, and 2015.

18 5. Most of the NWPL physician-shareholders treated patients for pain
 19 management and often prescribed opioids and other pain management medications to
 20 their patients. These physicians therefore sometimes required patients who had been
 21 prescribed opioids and other pain management medications to submit urine specimens for
 22 toxicology testing in order to monitor the levels of pain medication or other narcotics in
 23 their bodies. NWPL physician-shareholders generated thousands of these urine
 24 specimens for toxicology testing.

25 6. NWPL performed urine toxicology testing. NWPL received almost all of
 26 its urine specimens for toxicology testing from its physician-shareholders. The
 27 physician-shareholders directed their patients to provide urine specimens, and NWPL
 28 collected these urine specimens and transported the specimens to its Bellevue,

1 Washington, laboratory at no cost to the physician-shareholders. NWPL employees
2 tested the urine specimens of patients covered by commercial insurance. NWPL made
3 money by submitting these urine toxicology tests for payment to the patients' commercial
4 insurance.

5 7. However, federal law restricted physicians from referring patients for
6 services, paid for by Medicare or other federal health care programs, to an entity that the
7 physician owned, like a physician-owned laboratory. Further, federal law prohibited
8 paying anything of value for referrals payable by a federal health care program.
9 Therefore, NWPL did not test urine specimens from patients with federal insurance and
10 NWPL did not bill federal insurance.

C. Federal Health Care Programs

12 8. The Medicare program (“Medicare”) was a health care program
13 established under Title XVIII of the Social Security Act, to provide health care insurance
14 coverage for medical services for persons who were 65 years and older or disabled.
15 Medicare is a “Federal health care program” as defined in Title 42, United States Code,
16 Section 1320a-7b(f), that is, a plan or program that provides health benefits and is funded
17 directly, in whole or in part, by the federal government.

18 9. The TRICARE program (“TRICARE”) was a health care program of the
19 United States Department of Defense (DOD) Military Health System that provided
20 coverage for DOD beneficiaries world-wide, including active duty service members,
21 National Guard and Reserve members, retirees, their families, and survivors. TRICARE
22 is a “Federal health care program” as defined by 42 U.S.C. § 1320a-7b(f).

COUNT 1

(Conspiracy to Offer and Pay Kickbacks Involving Federal Health Care Programs)

25 10. The allegations in paragraphs 1-9 are re-alleged and incorporated by
26 reference as if set forth in full herein.

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28 //

1 **A. The Conspiracy**

2 11. Beginning in or before February 2014, and continuing until in or about July
 3 2015, at Bellevue, within the Western District of Washington, and elsewhere, Defendant
 4 STEVEN P. VERSCHOOR and others (collectively the “Co-Conspirators”), did
 5 knowingly and willfully conspire, combine, confederate, and agree among themselves,
 6 and with other persons, to commit offenses in violation of the laws of the United States,
 7 to wit: to knowingly and willfully offer and pay remuneration, directly and indirectly,
 8 overtly and covertly, in cash and in kind, that is, kickbacks and bribes, from MTL,
 9 through VERSCHOOR and others, to NWPL, in order to induce the Co-Conspirators and
 10 others to arrange for, and arrange for the ordering of, urine toxicology testing and related
 11 services to be conducted by MTL for which payment was made in whole or in part under
 12 a Federal health care program, that is, Medicare and TRICARE, in violation of Title 42,
 13 United States Code, Section 1320a-7b(b)(2)(B).

14 **B. The Purpose of the Conspiracy**

15 12. The purpose of the conspiracy was for MTL to pay money to receive urine
 16 specimens, the testing of which had been ordered by NWPL physicians, and to test those
 17 specimens, to submit claims to the federal government for these tests, and to receive
 18 payment for those claims, in order to enrich MTL and its owners, including Defendant
 19 STEVEN P. VERSCHOOR. The purpose of the conspiracy was also for NWPL
 20 executives to enrich themselves, NWPL, and the NWPL physician-shareholders, by
 21 obtaining money in exchange for arranging for these urine specimens to be transported to
 22 MTL for testing. During the course of the conspiracy, VERSCHOOR directed MTL to
 23 make \$450,000 in kickback payments to NWPL. During the course of the conspiracy,
 24 MTL submitted more than \$2 million in claims to Medicare and TRICARE and received
 25 more than \$460,000 in payments from Medicare and TRICARE for urine toxicology
 26 testing ordered by NWPL physician-shareholders that was arranged to be tested by MTL
 27 by the Co-Conspirators.

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1 **C. The Manner and Means of the Conspiracy**

2 13. Even though NWPL did not test urine specimens from patients with federal
 3 insurance, or submit bills to Federal health care programs, NWPL executives, including
 4 J.L., R.R., K.P., and others, directed the NWPL physician-shareholders to send all urine
 5 specimens that needed toxicology testing to NWPL's Bellevue laboratory, including
 6 those specimens from patients with federal insurance. Once the federally-insured urine
 7 specimens arrived at NWPL's Bellevue laboratory, NWPL and its employees controlled
 8 the testing of these specimens.

9 14. NWPL executives, including J.L., solicited MTL and sought remuneration
 10 in the form of kickback payments in return for arranging that urine specimens from
 11 federally-insured patients be tested at MTL, and based on the value of those urine
 12 specimens to MTL.

13 15. In order to disguise MTL's kickback payments, in September 2014,
 14 STEVEN P. VERSCHOOR and J.L. signed a sham agreement called an "Administrative
 15 Services Agreement" that falsely described MTL's payments to NWPL as payments for
 16 services rendered by NWPL. However, as the Co-Conspirators knew, NWPL did not
 17 perform all or most of the services listed in the Administrative Services Agreement and
 18 the Administrative Services Agreement was not an arms-length, fair market value
 19 contract.

20 16. Rather than a contract for services, the Administrative Services Agreement
 21 reflected payment for arranging for urine specimens, the testing of which had been
 22 ordered by NWPL physicians, to be sent to MTL for testing. Prior to signing the
 23 agreement, STEVEN P. VERSCHOOR, J.L., and others wrongfully agreed that MTL
 24 would pay NWPL approximately \$50,000 per month for arranging for 500 urine
 25 specimens to be tested at MTL, and MTL would pay NWPL approximately \$100,000 per
 26 month for arranging for 1000 urine specimens to be tested at MTL.

27 17. Further, the Administrative Services Agreement required MTL to pay
 28 NWPL \$68,500 per month for marketing services. This amount was based on salary and

1 expenses for 11 full-time NWPL employees to market MTL services, however, no such
 2 NWPL employees marketed MTL services. The Administrative Services Agreement
 3 further falsely listed a series of marketing tasks that NWPL representatives were
 4 supposed to perform on behalf of MTL. In total, the Administrative Services Agreement
 5 required MTL to pay NWPL \$99,959 per month for a period of 12 months.

6 18. The Co-Conspirators changed the amounts of the payments due under the
 7 Administrative Services Agreement based on the number of urine specimens that were
 8 ultimately sent from NWPL to MTL. Despite the Administrative Services Agreement's
 9 requirement that MTL make monthly payments of \$99,959, STEVEN P. VERSCHOOR
 10 caused MTL to make \$50,000 payments to NWPL every month from October 2014
 11 through June 2015. The monthly payment amount was \$50,000 because VERSCHOOR,
 12 J.L., and others agreed that MTL would pay only \$50,000 per month, not \$99,959 per
 13 month as required by the Administrative Services Agreement, because NWPL was not
 14 sending the expected number of urine specimens to MTL. The total amount of the
 15 payments from MTL to NWPL caused by VERSCHOOR was \$450,000.

16 19. The Co-Conspirators back-dated a revised version of the Administrative
 17 Services Agreement in order to hide MTL's kickback payments. In April 2015, J.L. and
 18 STEVEN P. VERSCHOOR signed the new version of the Administrative Services
 19 Agreement and back-dated it to October 1, 2014. This new version of the Administrative
 20 Services Agreement changed the list of services that were allegedly provided by NWPL
 21 to MTL. The new version of the Administrative Services Agreement changed the
 22 monthly service fee to \$50,000, which matched the amount that VERSCHOOR had
 23 caused MTL to pay.

24 20. Shortly after the original Administrative Services Agreement was signed, in
 25 or about September 2014, J.L. and other NWPL employees arranged for urine specimens
 26 to be sent from the NWPL laboratory in Bellevue, Washington, to MTL. Between
 27 September 2014 and June 2015, NWPL employees caused over 1500 urine specimens
 28 from patients with federal insurance, including Medicare and TRICARE, to be sent from

1 | Bellevue to MTL's Vancouver laboratory. MTL conducted toxicology testing on these
2 | urine specimens; and MTL submitted claims for payment for this urine toxicology testing
3 | of more than \$2 million to Federal health care programs. In total, during this time period,
4 | MTL received approximately \$461,752.10 from Medicare and TRICARE for these
5 | submissions.

6 | **D. Overt Acts**

7 | 21. During the course of and in furtherance of the conspiracy, STEVEN P.
8 | VERSCHOOR, and others, committed the following overt acts, among others, within the
9 | Western District of Washington and elsewhere:

10 | a. On or about November 7, 2014, STEVEN P. VERSCHOOR caused a wire
11 | in the amount of \$50,000 to be transferred from the bank account of MTL, to the bank
12 | account of NWPL, located in Bellevue, Washington;

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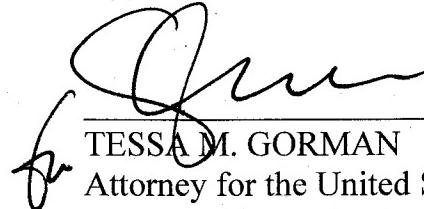
1 b. On or about February 6, 2015, STEVEN P. VERSCHOOR caused a wire in
2 the amount of \$50,000 to be transferred from the bank account of MTL, to the bank
3 account of NWPL, located in Bellevue, Washington.

4

5 All in violation of Title 18, United States Code, Section 371.

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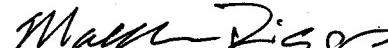
7 Dated this 17 day of October, 2019.

8 
9

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12 Acting Under Authority Conferred by 28 U.S.C. § 515

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